

[14th March 1958]

APPENDIX II.

[Vide answer to starred question No. 323 asked by Sri V. K. Kothandaraman at the meeting of the Legislative Assembly held on 24th March 1958, page 346 supra.]

(a) The registration of the Gudiyatham Co-operative Stores was cancelled on 31st October 1954 and the cancellation came into effect on 31st December 1954.

(b) The stores sustained a loss of Rs. 3,237-9-0 for the year 1951-52. The financial position of the stores was further crippled on account of the misappropriation committed by the ex-Manager who misappropriated in all about Rs. 40,000 in cash and stocks during 1951-52. Its financial position thus became too bad and there was no scope for getting the Board reconstituted and reviving the society.

(c) The amount involved in the misappropriation was Rs. 39,229-3-5.

(d) The misappropriation was committed by Sri S. Srinivasa Iyer, ex-Manager. The following office bearers and the ex-Accountant were found negligent in the discharge of their duties as Directors and Accountants respectively and they were held responsible for the loss sustained by the stores :—

1. Sri K. Manicka Mudaliar, ex-President of the Stores.
2. Sri M. V. Duraiswamy Mudaliar, ex Secretary of the stores.
3. Sri N. Krishnaswamy Mudaliar, ex-Vice President of the stores.
4. Sri A. J. Muniswamy Mudaliar, Director.
5. Sri K. G. Duraiswamy Chetty, Director.
6. Sri V. M. Murugesu Mudaliar, Director.
7. Sri V. K. Krishnamurthy, ex-Accountant of the stores.

(e) Criminal prosecution was launched against the ex-Manager, Sri S. Srinivasa Iyer and he was sentenced by the Additional First-class Magistrate under sections 409 and 477-A of Indian Penal Code to undergo rigorous imprisonment for 18 months, the sentences to run concurrently. But on appeal to District Sessions Court, the sentence was reduced to one of three months rigorous imprisonment.

Civil proceedings were also taken against the ex-Directors by the Board of Management under section 51 of the Madras Co-operative Societies Act. This action was pursued by the Co-operative Sub-Registrar (Liquidator) who assumed charge of the stores after its liquidation. The proceedings under section 51 were reversed by the High Court as there were several legal objections to the proceedings and it was ordered that the Deputy Registrar was at liberty to make the claim under section 49. Further action is therefore being pursued to recover the amount misappropriated.